रजिस्ट्री सं० डी०एल०-33004/94 REGISTERED NO. DL-33004/94

भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY
भाग II—खण्ड 2
PART II—Section 2
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 3] नई दिल्ली, शुक्रवार, दिसम्बर 9, 1994/ अग्रहायण 18, 1916
No. 39] NEW DELHI, FRIDAY, DECEMBER 9, 1994/AGRAHAYANA 18, 1916

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

SECRETARIAT LIBRARY CENTRAL GOVERNMENT OF INDIA

LOK SABHA

The following Bills were introduced in Lok Sabha on 9th December, 1994:—

BILL No. 99 OF 1994

A Bill further to amend the Special Protection Group Act, 1988.

BE it enacted by Parliament in the Forty-fifth Year of the Republic of India as follows:—

Short title and commencement.

1. (*1*) This Act may be called the Special Protection Group (Second Amendment) Act, 1994.

(*2*) It shall be deemed to have come into force on the 16th day of November, 1994.

34 of 1988.

Amendment of section 4

2 In sub-section (*1*) of section 4 of the Special Protection Group Act, 1988 (hereinafter referred to as the principal Act), in clause (*a*) for the words "five years", the words "ten years" shall be substituted.

Ord. 12 of 1994.

Repeal and saving

3. (*1*) The Special Protection Group (Amendment) Ordinance, 1994, is hereby repealed

(*2*) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The Special Protection Group Act, 1988 was enacted to constitute and regulate the functioning of the Special Protection Group (SPG) which was then responsible for providing 'proximate security' to the Prime Minister and the members of his immediate family only. The Act was last amended by the Special Protection Group Amendment) Act, 1991 (48 of 1991), *inter alia,* to extend proximate security cover to former Prime Ministers and to the members of their immediate families for a period of five years from the date on which the former Prime Minister concerned ceased to hold the office.

2. As per the amended provisions of the 1988 Act, the family of Late Shri Rajiv Gandhi, namely, Smt. Sonia Gandhi and her two children are entitled to SPG cover to the 1st December, 1994 only because Shri Rajiv Gandhi demitted the office of Prime Minister on the 2nd December, 1989. Keeping in view the threat level to Smt. Sonia Gandhi and the children, the Government have considered the matter carefully and it has been felt that it is necessary to continue to provide proximate security cover of SPG to them for another five years. The Government also feels that it is necessary to provide proximate security cover to the other former Prime Ministers and the members of their immediate family for a similar period. In view of the above, it has been considered necessary to suitably amend the Special Protection Group Act, 1988.

3. As Parliament was not in session and the above mentioned amendments were required to be carried out immediately, that is, before the 1st December, 1994, the President promulgated the Special Protection Group (Amendment) Ordinance, 1994 (Ord. 12 of 1994) on the 16th November, 1994.

4.The Bill seeks to replace the aforesaid Ordinance

NEW DELHI;
The 1st December, 1994.

S. B. CHAVAN

FINANCIAL MEMORANDUM

Clause 2 of the Bill provides for amendment of section 4 of the Special Protection Group Act, 1988 so as to extend the cover of proximate security to former Prime Ministers and their immediate families from five years after the date on which a former Prime Minister ceased to hold office as Prime Minister to ten years after such date.

2. It is estimated that an expenditure to the tune of Rs. 34.1 crores per annum will be incurred for the above purpose.

BILL NO. 97 OF 1994

A Bill further to amend the Industrial Development Bank of India Act, 1964.

BE it enacted by Parliament in the Forty-sixth Year of the Republic of India as follows:—

Short title and commencement.

1. (*1*) This Act may be called the Industrial Development Bank of India (Amendment) Act, 1994.

(*2*) It shall be deemed to have come into force on the 12th day of October, 1994.

Amendment of section 2.

2. In section 2 of the Industrial Development Bank of India Act, 1964 (hereinafter referred to as the principal Act), for clause (*d*), the following clause shall be substituted, namely:— 18 of 1964

'(*d*) "Industrial Finance Corporation" means the Industrial Finance Corporation of India Limited formed and registered under the Companies Act, 1956;'. 1 of 1956.

Substitution of new section for section 4.

3. For section 4 of the principal Act, the following section shall be substituted, namely:—

Authorised capital.

"4. (*1*) The authorised capital of the Development Bank shall be two thousand crores of rupees divided into one hundred and fifty crores fully paid-up equity shares of rupees ten each and

subject to the provisions of section 4E, fifty crores of fully paid-up redeemable preference shares of rupees ten each.

(2) The Development Bank may, from time to time, by a resolution in general meeting, increase the authorised capital to an amount not exceeding five thousand crores of rupees consisting of such number of equity shares and redeemable preference shares as it deems fit.".

Amendment of section 4A.

4. In section 4A of the principal Act, sub-section (2) shall be omitted.

Insertion of new sections 4C, 4D and 4E.

5. After section 4B of the principal Act, the following sections shall be inserted, namely:—

Issued capital.

"4C. (1) The issued capital of the Development Bank of seven hundred and fifty-three crores of rupees which stands fully vested in and subscribed by the Central Government immediately before the commencement of the Industrial Development Bank of India (Amendment) Act, 1995 shall, on such commencement, stand divided into seventy-five crores and thirty lakhs equity shares of rupees ten each.

(2) The Board may, from time to time, increase the issued equity share capital of the Development Bank by allotment of shares to such persons and on such terms and conditions as the Board may determine:

Provided that no increase in the issued equity capital shall be made in such a manner that the Central Government holds at any time less than fifty-one per cent. of the issued equity capital of the Development Bank.

Reduction of share capital.

4D. (1) The Development Bank may, by a resolution passed in a general meeting of the shareholders, reduce its share capital in any way.

(2) Without prejudice to the generality of the foregoing power, the share capital may be reduced by,—

(a) extinguishing or reducing the liability on any of its equity shares in respect of share capital not paid-up;

(b) either with or without extinguishing or reducing liability on any of its equity shares, cancelling any paid-up share capital which is lost, or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its equity shares, paying off any paid-up share capital which is in excess of the wants of the Development Bank.

(3) In any general meeting referred to in sub-section (1), the resolution for reduction of share capital shall be passed by shareholders entitled to vote, voting in person, or, where proxies are allowed,

by proxy, and the votes cast in favour of the resolution are not less than three times the number of the votes, if any, cast against the resolution by shareholders so entitled and voting.

Conversion of equity shares into redeemable preference shares.

4E. (1) The Central Government may, at any time after the commencement of the Industrial Development Bank of India (Amenment) Act, 1994 by notification in the Official Gazette, convert such number of equity shares held by it not exceeding fifty crores as it may decide into redeemable preference shares.

(2) The redeemable preference shares referred to in sub-section (1) shall—

(a) carry such fixed rate of dividend as the Central Government may specify at the time of such conversion, and

(b) neither be transferable nor carry any voting rights.

(3) The redeemable preference shares referred to in sub-section (1) shall be redeemed by the Development Bank within three years from the date of such conversion in such instalments and in such manner as the Board may determine.".

Amendment of section 5

6. In section 5 of the principal Act,—

(a) for sub-sections (1) and (2), the following sub-sections shall be substituted, namely:—

"(1) The general superintendence, direction and management of the affairs and business of the Development Bank shall vest in a Board of directors which may exercise all powers and do all such acts and things, as may be exercised or done by the Development Bank and are not by this Act expressly directed or required to be done by the Development Bank in general meeting.

(2) The Board may direct that any power exercisable by it under this Act shall also be exercisable in such cases and subject to such conditions, if any, as may be specified by it, by the chairman, managing director or the whole-time director.";

(b) sub-section (4) shall be omitted.

Amendment of section 6.

7. In section 6 of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) The Board shall consist of the following, namely:—

(a) a chairman and a managing director appointed by the Central Government:

Provided that the same person may be appointed to function both as chairman and as managing director;

(b) one whole-time director appointed by the Central Government on the recommendation of the Board;

(c) two directors who shall be officials of the Central Government nominated by the Central Government;

(*d*) three directors from amongst persons having special knowledge of, and professional experience in, science, technology, economics, industry, banking, industrial co-operatives, law, industrial finance, investment, accountancy, marketing or any other matter, the special knowledge of, and professional experience in, which would, in the opinion of the Central Government, be useful to the Development Bank, nominated by the Central Government; and

(*e*) such number of directors elected, in the prescribed manner, by shareholders other than the Central Government, whose names are entered on the register of shareholders of the Development Bank ninety days before the date of the meeting in which such election takes place on the following basis, namely:—

(*i*) where the total amount of equity share capital issued to such shareholders is ten per cent. or less of the total issued equity capital, two directors;

(*ii*) where the total amount of equity share capital issued to such shareholders is more than ten per cent. but less than twenty-five per cent. of the total issued equity capital, three directors; and

(*iii*) where the total equity share capital issued to such shareholders is twenty-five per cent. or more of the total issued equity capital, four directors:

Provided that until the assumption of charge by the elected directors under this clause, the Central Government may at any time nominate such number of directors, not exceeding four, from amongst persons having special knowledge of, and professional experience in, science, technology, economics, industry, banking, industrial co-operatives, law, industrial finance, investment, accountancy, marketing or any other matter, the special knowledge of, and professional experience in, which would, in the opinion of the Central Government, be useful to the Development Bank for carrying out its functions.";

(*b*) in sub-sections (*2*) and (*3*), for the words "the chairman and the managing director", the words "the chairman, the managing director and the whole-time director" shall be substituted;

(*c*) in sub-sections (*2A*) and (*3A*), for the words "the chairman or the managing director" wherever they occur, the words "the chairman, the managing director or the whole-time director" shall be substituted;

(*d*) for sub-section (*4A*), the following sub-section shall be substituted, namely:—

"(*4A*) Subject to the provisions of sub-section (*4*),—

(*a*) every director nominated under clause (*d*) of sub-section (*1*) shall hold office for such term not exceeding three years as the Central Government may specify in this

behalf and thereafter until his successor assumes office, and shall be eligible for re-nomination:

Provided that no such director shall hold office continuously for a period exceeding six years; and

(*b*) every director elected under clause (*e*) of sub-section (*1*) shall hold office for three years and thereafter until his successor assumes office, and shall be eligible for re-election:

Provided that no such director shall hold office continuously for a period exceeding six years;";

(*e*) after sub-section (*4A*), the following sub-section shall be inserted, namely:—

"(*4B*) The shareholders, other than the Central Government, may, after giving to the director a reasonable opportunity of being heard in the manner as may be prescribed, by resolution passed by majority of the votes of such shareholders holding in the aggregate not less than one-half of the share capital held by such shareholders, remove any director elected under clause (*e*) of sub-section (*1*) and elect another director in his place to fill the vacancy so caused.";

(*f*) for sub-section (*5*), the following sub-sections shall be substituted, namely:—

"(*5*) (*i*) A meeting of the Board shall be held at least once every three months and at least four meetings shall be held every year and the meetings may be held at such places as may be prescribed.

(*ii*) Notice of every meeting of the Board shall be given in writing to every director for the time being in India, and at his usual address in India to every other director.

(*5A*) Subject to the provisions contained in this Chapter, the Board may meet at such times and places and shall observe such rules of procedure in regard to transaction of its business including the manner of adoption of resolutions as may be prescribed."

Omission of section 6A.

8. Section 6A of the principal Act shall be omitted.

Insertion of new sections 6B and 6C.

9. After section 6A of the principal Act, the following sections shall be inserted, namely:—

Disqualifications of directors.

"6B. (*1*) A person shall not be eligible for being elected as a director under clause (*e*) of sub-section (*1*) of section 6, if he—

(*a*) has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

(*b*) is an undischarged insolvent;

(*c*) has applied to be adjudicated as an insolvent and his application is pending;

(*d*) has been convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence; or

(*e*) has not paid any call in respect of shares of the Development Bank held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call.

Vacation of office of director.

6C. (*1*) The office of a director shall become vacant if he—

(*a*) becomes subject to any of the disqualifications mentioned in section 6B; or

(*b*) resigns his office by giving notice in writing under his hand and the resignation is accepted; or

(*c*) absents himself from three consecutive meetings of the Board without obtaining leave of absence from the Board.

(*2*) Notwithstanding anything in clause (*a*) of sub-section (*1*), the disqualifications referred to in that clause shall not take effect—

(*a*) for thirty days from the date of the adjudication, sentence or order;

(*b*) where any appeal or petition is preferred within thirty days aforesaid against the adjudication, sentence or conviction resulting in the sentence or order until the expiry of seven days from the date on which such appeal or petition is disposed of; or

(*c*) where within the seven days aforesaid, any further appeal or petition is preferred in respect of the adjudication, sentence, conviction or order and the appeal or petition, if allowed, would result in the removal of the disqualification, until such further appeal or petition is disposed of.".

Amendment of section 7.

10. In section 7 of the principal Act, for sub-section (*1*), the following sub-section shall be substituted, namely:—

"(*1*) The Board shall constitute an Executive Committee consisting of the chairman, the managing director, the whole-time director and such other directors as it may deem fit.".

Amendment of section 8.

11. In section 8 of the principal Act, for the proviso, the following proviso shall be substituted, namely:—

'Provided that no fees shall be payable to the chairman, if he is appointed whole-time, or to the managing director or to the whole-time director or to any other director who is an official of the Government.".

Amendment of section 9.

12. In section 9 of the principal Act, in sub-section (*1*), in clauses (*a*), (*c*), (*ca*), (*f*) and (*g*), for the words "which may be notified by the Central Government in this behalf", wherever they occor, the words "which may be approved by the Board in this behalf" shall be substituted.

Amendment of section 11.

13. In section 11 of the principal Act, in sub-section (*1*),—

(*a*) in clause (*c*), for the words "the Central Government", the words "the Board" shall be substituted;

(*b*) for clause (d), the following clause shall be substituted, namely:—

"(*d*) accept deposits on such terms as may be approved by the Board.".

Amendment of section 12.

14. In section 12 of the principal Act, sub-sections (*3*) and (*4*) shall be omitted.

Insertion of new Chapters IV-A and IV-B.

15. After section 13 of the principal Act, the following Chapters shall be inserted, namely:—

"CHAPTER IV-A

SHARES

Free transferability of shares.

13A. (*1*) Save as otherwise provided in sub-section (*2*), the equity shares of the Development Bank shall be freely transferable.

(*2*) Nothing contained in sub-section (*1*) shall entitle the Central Government to transfer any shares held by it in the Development Bank if such transfer will result in reducing the equity shares held by it to less than fifty-one per cent. of the issued equity capital of the Development Bank.

Register of shareholders.

13B. (*1*) The Development Bank shall keep at its head office a register, in one or more books, of the shareholders and shall enter therein the following particulars so far as they may be available, namely:—

(*i*) the names, addresses and occupations, if any, of the shareholders and a statement of the shares held by each shareholder, dustinguishing each share by its denoting pumber;

(*ii*) the date on which each person is so entered as a shareholder;

(*iii*) the date on which any person ceases to be a shareholder; and

(*iv*) such other particulars as may be prescribed.

(*2*) Notwithstanding anything contained in sub-section (*1*), it shall be lawful for the Development Bank to keep the register of the

shareholders in computer floppies or diskettes subject to such safeguards as may be prescribed.

(3) Notwithstanding anything contained in the Indian Evidence Act, 1872, a copy of, or extract from, the register of shareholders, certified to be a true copy under the hand of an officer of the Development Bank authorised in this behalf, shall, in all legal proceedings, be admissible in evidence.

1 of 1872.

Trust not to be entered on the register of shareholders.

13C. Notwithstanding anything contained in section 13B, no notice of any trust, express, implied or constructive, shall be entered on the register of shareholders or be receivable by the Development Bank.

Board's right to refuse registration of transfer of shares.

13D. (1) The Board may refuse to register the transfer of any shares in the name of the transferee on any one or more of the following grounds, and on no other ground, namely:—

(a) the transfer of the shares is in contravention of the provisions of this Act or regulations made thereunder or any other law;

(b) the transfer of the shares, in the opinion of the Board, is prejudicial to the interests of the Development Bank or to the public interest;

(c) the transfer of shares is prohibited by an order of a court, tribunal or any other authority under any law for the time being in force.

(2) The Board shall, before the expiry of two months from the date on which the instrument of transfer of shares of Development Bank is lodged with it for the purpose of registration of such transfer, not only form, in good faith, its opinion as to whether such registration ought not or ought to be refused on any of the grounds referred to in sub-section (1) but also,—

(a) if it has formed the opinion that such registration ought not be so refused, effect such registration; and

(b) if it has formed the opinion that such registration ought to be refused on any of the grounds mentioned in sub-section (1), intimate the transferor and the transferee by notice in writing

(3) An appeal against the order of refusal of the Board under sub-section (2) shall lie to the Central Government and the procedure for filing and hearing of such appeal shall be in accordance with the rules made by the Central Government in this behalf

Shares to be securities under the Indian Trusts Act, 1882.

13E. Notwithstanding anything contained in the Indian Trusts Act, 1882, the shares of the Development Bank shall be deemed to be included among the securities enumerated in section 20 of the said Act.

2 of 1882.

CHAPTER IV-B

MEETINGS AND PROCEEDINGS

Annual general meeting.

13F. (*1*) The Development Bank shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it; and not more than fifteen months shall elapse between the date of one annual general meeting and that of the next:

Provided that the Development Bank may hold the first annual general meeting within a period of six months from the date on which it allots shares for the first time to public for subscription:

Provided further that the Central Government may extend the time within which any annual general meeting shall be held by a period not exceeding three months.

(*2*) Every annual general meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held either at head office or at some other place within the city or town in which the head office is situate.

Explanation.—For the purposes of this section, "public holiday" means a public holiday within the meaning of the Negotiable Instruments Act, 1881: 26 of 1881

Provided that no Sunday shall be deemed to be such a holiday in relation to any meeting:

Provided further that no day declared by the Central Government to be a public holiday shall be deemed to be such a holiday, in relation to any meeting, unless the declaration was notified before the issue of the notice convening such meeting.

Restriction on exercising of voting right

13G. Every shareholder of the Development Bank holding equity shares shall have a right to vote in respect of such shares on every resolution and his voting right on a poll shall be in proportion to his share of the paid-up equity capital of the Development Bank:

Provided, however, that no shareholder, other than the Central Government, shall be entitled to exercise voting rights in respect of any equity shares held by him in excess of ten per cent. of the issued equity capital.

Matters to be discussed and procedure in annual general meeting.

13H. (*1*) The shareholders present at an annual general meeting shall be entitled to discuss and adopt—

(*a*) the balance sheet and profit and loss account of the Development Bank made up to the date on which its accounts are closed and balanced;

(*b*) the report of working of the Development Bank for the period covered by the accounts;

(c) the auditor's report on the balance sheet and accounts;

(d) proposals for declaration of dividend and capitalisation of reserves.

(2) The shareholders present at an annual general meeting may also discuss any other matter to be transacted at such meetings in accordance with the provisions of this Act.

(3) The matters relating to—

(a) the manner in which annual general meeting or other meetings are held under this Act and the procedure to be followed thereat;

(b) the manner in which voting rights may be exercised and resolutions may be passed; and

(c) the procedure for transaction of business at such meetings and related matters,—

shall be such as may be prescribed.".

Amendment of section 18.

16. In section 18 of the principal Act, in sub-section (3), for the words "Central Government", the words "Development Bank" shall be substituted.

Amendment of section 22.

17. In section 22 of the principal Act, in sub-section (2), the following sub-section shall be substituted, namely:—

"(2) After making provision for bad and doubtful debts, depreciation of assets and for all other matters for which provision is necessary or expedient or which is usually provided for by bankers and for the reserve fund referred to in sub-section (1), and after transferring a part of the profits to such other reserves or funds as may be considered appropriate, the Board may, out of its net profits, declare a dividend.".

Amendment of section 23.

18. (1) In section 23 of the principal Act,—

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(1) The accounts of the Development Bank shall be audited by auditors duly qualified to act as auditors under sub-section (1) of section 226 of the Companies Act, 1956 who shall be appointed by the Development Bank in general meeting of the shareholders out of the panel of auditors approved by the Reserve Bank for such term and on such remuneration as the Reserve Bank may fix.";

1 of 1956.

(b) in sub-section (5), for the words "within four months from the date on which its accounts are closed and balanced", the words "within one month from the date on which the annual general meeting is held" shall be substituted.

Insertion of new section 32A.

19. After section 32 of the principal Act, the following section shall be inserted, namely:—

Nomination in respect of deposits, bonds, etc.

"32A. (1) Notwithstanding anything contained in any other law for the time being in force, where a nomination in respect of any deposits, bonds or other securities is made in the prescribed manner, the amount due on such deposits, bonds or securities shall, on the death of the depositor or holder thereof, vest in, and be payable to, the nominee subject to any right, title or interest of any other person to such deposits, bonds or securities.

(2) Any payment by the Development Bank in accordance with the provisions of sub-section (1) shall constitute a full discharge to the Development Bank of its liability in respect of such deposits, bonds or securities.".

Amendment of section 37.

20. In section 37 of the principal Act,—

(*a*) in sub-section (2),—

(*i*) in clause (*a*), the words "and the manner of adoption of resolutions" shall be inserted at the end;

(*ii*) after clause (*da*), the following clauses shall be inserted, namely:—

"(*db*) the manner in which and the conditions subject to which shares may be held and transferred;

(*dc*) matters relating to the rights of shareholders;

(*dd*) the maintenance of share registers and the particulars to be entered therein;

(*de*) the safeguards to be observed in the maintenance of register of shareholders on computer floppies or diskettes;

(*df*) the inspection and closure of the registers and all other matters connected therewith;

(*dg*) the holding and conduct of elections of directors under this Act and the determination of disputes regarding the qualification of directors;

(*dh*) the manner in which general meetings shall be convened, the procedure to be followed thereat, the manner in which voting rights may be exercised, resolutions passed and business transacted in such meetings and other matters relating to meetings;

(*di*) the manner in which notices may be served on shareholders or other persons;

(*dj*) the manner in which nomination may be made in terms of section 32A;";

(*b*) for sub-section (4), the following sub-section shall be substituted, namely:—

"(*4*) Every regulation or rule made under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation or rule or both Houses agree that the regulation or rule should not be made, the regulation or rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation or rule.".

Repeal and saving.

21. (*1*) The Industrial Development Bank of India (Amendment) Ordinance, 1994 is hereby repealed. Ord. 4 of 1994.

(2) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act.

STATEMENT OF OBJECTS AND REASONS

The Industrial Development Bank of India (IDBI) was established by the Industrial Development Bank of India Act, 1964 as the principal financial institution for co-ordinating in conformiy with national priorities, the working of institutions engaged in financing, promoting or developing industry, for assisting the development of such institutions for providing credit and other facilities for the development of industry and for matters connected therewith.

2. Several changes in the financial sector in recent years have made it vital for financial institutions to raise funds largely from the market. This poses great difficulties for the IDBI which has hitherto not had to be really competive in its resource mobilisation. Concessional funds were made available to it in the form of the Reserve Bank of India's Long Term Operation (LTO) funds and RBI's allocations of Statutory Liquidity Ratio (SLR) bonds. Additionally, Government extended direct concessional assistance in two ways: first by providing budgetary support in the form of loans; and second, by contributing equity. IDBI had also been exempted from payment of certain taxes till the financial year 1990-91.

3. Thus, IDBI has not really been expected to be competitive in its resource mobilisation. The survival of IDBI with its present strength in a financial regime where Government's financial support is being rapidly extinguished must, therefore, depend on its ability to competitively mobilise resources and transmute them into quality loan assets. For maintaining the tempo in IDBI's operations, it is necessary to augment its share capital priodically which can be done by permitting IDBI to raise additional equity from the capital market.

4. In order to enable IDBI to meet its requirement of funds for its operations, it has become essential to restructure IDBI. The restructuring of IDBI would provide it greater functional authonomy and operational flexibility and consequent ablity to respond to the needs of the fast changing financial system. This would also enable IDBI to enlarge its shareholders' base and access the capital market for resources and create a more level playing field across similar financial institutions.

5. As Parliament was not in session the President promulgated the Indusrial Development Bank of India (Amendment) Ordinance, 1994 on the 12th October, 1994.

6. The Bill seeks to replace the above Ordinance

NEW DELHI;
The 28th November, 1994.

MANMOHAN SINGH

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 7 proposes to amend section 6 of the Industrial Development Bank of India Act, 1964. It is proposed to substitute sub-section (1) of that section. Sub-clause (e) of the sub-section to be substituted provides for election of directors by shareholders in the prescribed manner.

2. It is proposed to insert a new sub-section (4B) providing for removal of an elected director after giving to such director a reasonable opportunity of being heard in the manner as may be prescribed.

3. It is proposed to substitute sub-section (5) providing for meetings of the Board at such places as may be prescribed.

4. New sub-section (5A) provides for rules of procedure in regard to transaction of business at a meeting of the Board including the manner of adoption of resolutions as may be prescribed.

5. Clause 15 of the Bill seeks to insert new chapeters IV-A and IV-B in the Act. Sub-section (1) of new section 13B of Chapter IV-A provides for other particulars to be entered in the register of shareholders as may be prescribed. Sub-section (2) of that section provides for keeping of the register of shareholders in computer floppies or diskettes subject to such safeguards as may be prescribed.

6. Sub-section (3) of new section 13D provides for rules to be made by the Central Government for the procedure for filing and hearing of appeals against the order or refusal of the Board.

7. Sub-section (3) of new section 13H of Chapter IV-B provides for the manner of holding meetings, procedure to be followed thereat, the manner of exercise voting rights and passing of resolutions and the procedure for transaction of business at meetings and related matter to be prescribed.

8. Clause 19 of the Bill proposes to insert new section 32A providing for nominations to be made in respect of deposits, bonds or other securities in the prescribed manner.

9. Clause 20 of the Bill seeks to amend section 37 of the Act. It provides, *inter alia*, for the matters relating to the rights of shareholders, manner in which and the conditions subject to which shares may be held and transferred, the inspection and closure of registers and all other matters connected therewith and the manner in which notices may be served on shareholders or other persons.

10. The matters in respect of which rules or regulations may be made relate to matters of procedure or administrative details or matters in respect of which it is not practicable to make detailed provisions in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

Bill No. 100 of 1994

A Bill further to amend the Contingency Fund of India Act, 1950.

BE it enacted by Parliament in the Forty-fifth Year of the Republic of India as follows:—

Short title and commencement

1. (*1*) This Act may be called the Contingency Fund of India (Amendment) Act, 1994.

(*2*) It shall be deemed to have come into force on the 10th day of October, 1994

Amendment of section 2

2. To section 2 of the Contingency Fund of India Act, 1950 (hereinafter referred to as the principal Act), for the proviso, the following proviso shall be substituted, namely:— 40 of 1950

'Provided that during the period beginning on the 10th day of October, 1994 and ending on the 31st day of March, 1995, this section shall have effect subject to the modification tha for the words "fifty crores of rupees"; the words "eight hundred and fortf crores of rupees" shall be substituted.'

Repeal and saving

3. (*1*) The Contingency Fund of India (Amendment) Ordinance, 1994 is hereby repealed. Ord 10 of 1994

(*2*) Notwithstanding such repeal, anything done or any action taken under the principal Act, as amended by the said Ordinance, shall be deemed to have been done or taken under the principal Act, as amended by this Act

STATEMENT OF OBJECTS AND REASONS

Under article 267(1) and 283(1) of the Constitution, the Contingency Fund of India Act, 1950, was enacted providing for the establishment of the Contingency Fund of India and for the custody of such Fund and for the payment of moneys into and withdrawal of moneys from it. The corpus of the Contingency Fund of India, established under the Contingency Fund of India Act, 1950 is Rs. 50 crores. As the available budgetary grants and the Contingency Fund could not accommodate fully the commitments of the Government, an immediate augmentation of the corpus of the Contingency Fund became necessary. An Ordinance, namely, the Contingency Fund of India (Amendment) Ordinance, 1994 was promulgated by the President on 10th October, 1994 to temporarily raise the corpus of the Fund by Rs. 790 crores so as to make it to Rs. 840 crores up to the financial year ending 31st March, 1995, to defray the expenditure arising out of implementation of a Centrally Sponsored Plan Scheme called "MPs' Local Area Development Scheme".

2. The Bill seeks to replace the above Ordinance.

NEW DELHI;
The 30th November, 1994.

MANMOHAN SINGH.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117 OF THE CONSTITUTION OF INDIA

[Copy of letter No. F. 4(97)-B(SD)/94, dated the 5th December, 1994 from Shri M. V. Chandrashekara Murthy, Minister of State in the Ministry of Finance to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the proposed Bill to temporarily raise the corpus of the Contingency Fund of India by Rs. 790 crores to Rs. 840 crores upto the year ending on the 31st day of March, 1995 and for matters connected therewith, recommends under clause (1) of article 117 and clause (3) of article 117 of the Constitution, the introduction of the Contingency Fund of India (Amendment) Bill, 1994 in Lok Sabha and its consideration by that House.

FINANCIAL MEMORANDUM

Clause 2 of the Bill provides for raising of the corpus of the Contingency Fund of India from Rs. 50 crores to Rs. 840 crores by transfer of an amount of Rs. 790 crores from the Consolidated Fund of India to the Contingency Fund of India during the period of the financial year ending 31st March, 1995. The Bill, thus, involves a withdrawal of Rs. 790 crores from the Consolidated Fund of India temporarily. The actual expenditure has been incurred from out of an advance of Rs. 790 crores from the Contingency Fund of India sanctioned to the Ministry of Rural Development for making disbursements under the MPs' Local Area Development Scheme pending authorisation by law under article 115 of the Constitution.

2. No recurring expenditure is involved.

R. C. BHARDWAJ,
Secretary-General.

PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, MINTO ROAD, NEW DELHI
AND PUBLISHED BY THE CONTROLLER OF PUBLICATIONS, DELHI 1995.